

OSA-5379-64

8 December 1964

MEMORANDUM FOR: Deputy Assistant Director, OSA

SUBJECT : Improvement of Physical Security
Equipment in Industry

1. During the past several months members of this Staff have, during their routine physical security inspections of industrial facilities, been addressing themselves to possible improvements in the equipments used to protect Project assets. Primary consideration has been directed at the quality of safe storage equipment utilized for storage of sensitive Project documents.

2. Contemplating a gradual, across the board improvement of safe equipment in industry which can be effected without detriment to cover, a study was initiated to determine the significance of such a program to contracting officers and finance officers. In other words, what would be the effect on these components should this Staff recommend more sophisticated equipment to OSA industrial suppliers.

3. It was established that currently OSA has no set policy concerning the procurement of safes for industrial suppliers. Method of purchase of these equipments is a matter of negotiation or agreement with each individual supplier. There have been in the past three alternative methods, namely;

(1) At the request of OSA the contractor purchases the equipment with company funds and charges the purchase to company overhead.

(2) OSA requests the contractor to purchase the safes, and at the request of the contractor the safes are charged to the OSA contract.

(3) By negotiation between the Agency and the contractor, the safes are supplied as government equipment from government depot.

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According to Contracts Division, OSA, the final determination in each case usually depends on the purchasing policy of the individual contractor.

4. The first alternative mentioned in the previous paragraph seems desirable, and consequently an investigation was conducted to determine whether any illegality would be involved if members of this Staff were to encourage contractors to purchase safes and charge them to company overhead. The matter was explored with Contracts Division, OSA, and with the Office of General Council. Neither Contracts Division nor OGC was aware of any illegality in this procedure, but again Contracts Division, OSA, pointed out that individual company policy would be the prime consideration. Both OGC and CD/OSA were of the opinion that as long as the quantities involved were reasonable and consistent with the nature of the industry concerned, namely that the industrial facility is engaged in defense contracts, this manner of procuring safes would be an ideal and common sense approach to the matter. As long as that reasonableness and consistency existed they foresaw no instance wherein the company would be questioned by auditors, IRS, or DOD Cognizant representatives.

5. In view of the foregoing and unless you direct otherwise it is my intent to initiate in the immediate future a program whereby all industrial suppliers supporting OSA Projects will be encouraged to use more sophisticated safe storage equipment in their Project areas.

[Redacted]
Chief, Security Staff
OSA

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